

PNC ENTERPRISES, LTD

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May 10, 1993

S/047/034

State of Utah
Dept of Natural Resources
Div. of Oil, Gas & Mining
3 Triad Ctr
Salt Lake City, Utah 84180-1203

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MINERALS PROGRAM
FILE COPY

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MAY 12 1993

DIVISION OF
OIL GAS & MINING

Attn: Mr. D. Wayne Hedberg & Tony Gallegos

Re: Yerian Mine, Uintah County, Utah

Gentlemen:

Per my conversation today with Tony Gallegos, please understand that PNC Enterprises, Ltd is the new assignee of the lease on the Yerian property.

I was faxed your letter of May 7, 1993 to Mr. Al Rice in Weatherford, Texas. It was from that letter that I learned of your concerns and questions, and I will attempt to fill in the gaps from my understanding of the facts as they existed before I became the assignee two weeks ago.

Scenario:

WSMark was assigned the lease to mine the Yerian private ground from Mary Ashton, formerly of Vernal, now of Longview, Texas. Mr. Setliff of WSMARK apparently never filed a permit with the state of Utah.

Subsequently WSMARK assigned the lease to Golden Eagle Mines, USA, Inc. owned by a Mr. Andrew Babiy of Kamloops, Canada. Golden Eagle actually operated for only two months in the summer of 1992 when it was shut down because of Mr. Babiy's heart surgery.

Mr. Jerry Fitzen operated under the name of Jetco Metals as the subcontractor to operate the mine using Golden Eagle's equipment during the two months of operation. Mr. Fitzen's description of who would be responsible for disturbances, prior to and after Golden Eagle's take over of the lease is accurate according to my understanding. That is, WSMARK was responsible prior and Golden Eagle later.

In April of 1993, PNC Enterprises, Ltd was assigned the lease and purchased the equipment from Golden Eagle Mines. PNC has not begun to mine but has been repairing equipment etc. in order to begin in a few weeks.

I will do whatever I can to help resolve to your satisfaction the inadequacies of the previous lease holders. I can try to resurrect permits that should have been filed earlier, or just start from scratch with a clean slate by filing properly with the state of Utah now. I want to do whatever is sensible and expedient.

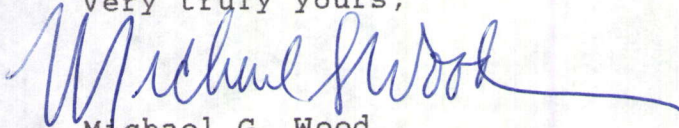
As far as the specific problems are concerned:

#1: Disturbance in excess of 5 acres maximum that is allowed by the small mine permit. We are happy to address this issue by immediately reclaiming enough acreage so that we comply.

#2: Encroachment on BLM land will be promptly remedied by the fastest possible method. We need only to understand what the encroachment is so we can remove it. I will contact the BLM for an explanation and details.

I look forward to working with you now and in the future. Please advise what steps we should take.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Michael G. Wood", with a long horizontal flourish extending to the right.

Michael G. Wood
President